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**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)
)
Implementation of the)
Pay Telephone Reclassification)
and Compensation Provisions of the)
Telecommunications Act of 1996)

CC Docket No. 96-128

CC Docket No. 91-35

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**OBJECTIONS OF THE
GREAT LAKES PUBLIC COMMUNICATIONS REGIONAL COALITION
TO AMERITECH'S ALLEGED PLAN TO PROVIDE
COMPARABLY EFFICIENT INTERCONNECTION
TO PROVIDERS OF PAY TELEPHONE SERVICES**

Dated: January 3, 1996

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The Illinois Public Telecommunications Association (the "Illinois Association"), the Indiana Pay Telephone Association (the "Indiana Association"), the Michigan Pay Telephone Association (the "Michigan Association"), and the Ohio Pay Telephone Association (the "Ohio Association"), the Wisconsin Pay Telephone Association (the "Wisconsin Pay Telephone Association"), and the Wisconsin Public Telecommunications Association (the "Wisconsin Public Telecommunications Association")¹ object to Ameritech's Plan to Provide Comparably Efficient Interconnection to Providers of Pay Telephone Services ("Ameritech's Draft CEI Plan"). These six associations have together reviewed the terms of Ameritech's CEI Plan, and have formed the Great Lakes Public Communications Regional Coalition in order to provide the Commission with a consistent and cohesive basis on which to draw in evaluating Ameritech's CEI Draft Plan.

¹There are two Wisconsin associations that represent the interests of independent payphone providers ("IPPs") in Wisconsin. Both associations are represented in the Great Lakes Public Communications Regional Coalition.

Indeed, upon review of these comments, the Commission will recognize that Ameritech's plan fails wholly to comply with Section 276 of the Telecommunications Act of 1996 (hereinafter "Section 276"), the FCC's Payphone Order (*Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996*, CC Docket No. 96-128, FCC 96-388 (Released September 20, 1996) (hereinafter the "Payphone Order"), appeal docketed *sub nom. Illinois Public Telecommunications Association v. F.C.C.*, Case No. 96-1394 (D.C. Cir., filed Oct. 17, 1996.); *Implementation of the Pay Telephone reclassification and Compensation Provisions of the Telecommunications Act of 1996*, CC Docket No. 96-128, FCC 96-388 (November 8, 1996) (hereinafter the "Payphone Order on Reconsideration.") and the requirements of the Commission's decisions in the Computer III proceedings mandating nonstructural safeguards to prevent unlawful discrimination and cross subsidization. (See Amendment of Section 64.702 of the Commission's Rules and Regulations (Computer III), CC Docket No. 85-229, Phase I, 104 FCC 2d 958 (1986) (Phase I Order), recon., 2 FCC Rcd 3035 (1987) (Phase I Reconsideration Order), further recon., 3 FCC Rcd 1135 (1988) (Phase I Further Reconsideration Order), second further recon., 4 FCC Rcd 5927 (1989) (Phase I Second Further Reconsideration Order); Phase I Order and Phase I Reconsideration Order vacated California v. FCC, 905 F.2d 1217 (9th Cir. 1990) (California I); Phase II, 2 FCC Rcd 3072 (1987) (Computer III Phase II Order), recon., 3 FCC Rcd 1150 (1988) (Phase II Reconsideration Order), further recon., 4 FCC Rcd 5927 (1989) (Phase II Further Reconsideration Order); Phase II Order vacated, California I, 905 F.2d 1217 (9th Cir. 1990); Computer III Remand Proceeding, 5 FCC Rcd 7719 (1990) (ONA Remand Order), recon., 7 FCC Rcd 909 (1992), pets. for review denied, California v. FCC, 4 F.3d 1505 (9th Cir. 1993)

(California II); Computer III Remand Proceedings: Bell Operating Company Safeguards and Tier 1 Local Exchange Company Safeguards, 6 FCC Rcd 7571 (1991) (BOC Safeguards Order), BOC Safeguards Order vacated in part and remanded, California v. FCC, 39 F.3d 919 (9th Cir. 1994) (California III), cert. denied, 115 S.Ct. 1427 (1995) hereinafter "Computer III.") The Ameritech Draft CEI Plan may also violate several state laws prohibiting cross subsidization of competitive payphone services, and will violate several state laws prohibiting discrimination in the provision of network access services. These state laws are discussed in more detail below.

The Great Lakes Public Communications Regional Coalition requests that the Federal Communications Commission reject Ameritech's Draft CEI Plan for the reasons stated in these comments.

INTRODUCTION AND SUMMARY

Shortly after Ameritech filed its Draft CEI Plan, the leaders of the six payphone associations in the Ameritech region met to discuss the deficiencies in the Ameritech Draft CEI Plan. It became clear to these six associations that the most effective mechanism to address the deficiencies in Ameritech's Draft CEI Plan was to present a unified position of the entire IPP industry within Ameritech region. Several meetings were held among the associations, and these comments are the result of those efforts. Ameritech currently operates approximately 240,000 payphones in its five state region (Illinois, Indiana, Michigan, Ohio, and Wisconsin.) There are approximately 35,000 independently operated payphones in these states, and the Coalition represents a substantial majority of the independently operated payphones. (approximately 28,000.) In all, the Coalition represents the collective voice of over 250 payphone providers who

both compete against Ameritech, and purchase their subscribed services from Ameritech.

The Coalition has met with Ameritech on two separate occasions since the date that Ameritech filed its Draft CEI Plan. Another meeting with Ameritech will be scheduled shortly after the filing of these comments, with representatives of each of the Ameritech organizations that provide network access services in each state. Ameritech has also agreed to provide the Coalition with cost studies required under the Payphone Order to support the rates for Ameritech's proposed service offerings. The Coalition hopes that Ameritech will voluntarily resolve most of the deficiencies which the Coalition has already described to Ameritech. The Coalition offers the following arguments for rejecting Ameritech's CEI Draft CEI Plan; there may be additional concerns that are raised after subsequent meetings with Ameritech and after reviewing the costs information supplied by Ameritech.

The principal objection the Coalition has with Ameritech's filing is that it fails to provide any evidence that Ameritech's Draft Plan satisfied the two fundamental prerequisites of Section 276 of the Act: 1) that Ameritech will, upon the approval of the CEI Plan, cease subsidizing its payphone operations with revenue from nonregulated or noncompetitive services, and 2) that Ameritech will, upon the approval of the CEI Plan, cease its unlawful discrimination in the provision of network access services. Based on the information supplied to date by Ameritech, all indications are that, in all states except Illinois, Ameritech is currently subsidizing its payphone operations with revenue derived from regulated or noncompetitive ratepayers. In addition, it is verifiably clear from the Draft CEI Plan that Ameritech intends to discriminate in favor of its own competitive payphone services in providing network access services.

In summary, the FCC must not approve of the Ameritech Draft CEI Plan, or any other

Plan, that violates the two principal mandates of Section 276. In order to comply with Section 276 and the FCC's Payphone Order, Ameritech's CEI Plan must have the following characteristics:

1. Network Access Services in two forms:
 - a. Access that uses essentially a telephone line with central office interconnection similar to that used by business customers and allows payphone providers to connect "smart" payphones to the network. This access service, referred to by Ameritech in their tariff as their "COPTS" or "COCOT" service, has been provided by Ameritech since 1984 as the "alternative" to central-office-implemented access service which Ameritech had been providing to its own payphones. However, Ameritech must provide a form of answer supervision with this service that is functional and works.
 - b. Access that uses a line connected to the central office switch in which call rating, coin collection, and call routing options are programmed at the central office. This access service must allow each subscriber to the service to rate calls to end users, select the payphone provider's own operator service provider, and gather revenue information from the central office. Ameritech only makes this service available at some locations in Illinois. Ameritech has chosen to not provide this network access service in its other states.
2. Ameritech must provide network access services, including Call screening and blocking, answer supervision, usage, and other services, at cost-based rates with cost studies filed with the FCC.
3. Ameritech must provide sufficient evidence that the revenue it currently derives from its payphone division exceeds its cost of providing payphone services; that Ameritech is not subsidizing its payphone services with revenue from regulated services.

ARGUMENT

Section 276 of the Telecommunications Act of 1996 was intended by Congress to prohibit anticompetitive conduct by Regional Bell Operating Companies in the provision of competitive

payphone services by "advancing the twin goals of Section 276 the Act of 'promot[ing] competition among payphone service providers and promot[ing] the widespread deployment of payphone services to the benefit of the general public. . . ." Payphone Order at ¶2. The first two sections of Section 276 inconspicuously mandate that Ameritech:

- (1) shall not subsidize its payphone service directly or indirectly from its telephone exchange service operations or its exchange access operations; and
- (2) shall not prefer or discriminate in favor of its payphone service.

Section 276(a).

Section 276 then directs the Commission to adopt rules and regulations that provide the mechanism to ensure that Ameritech does not subsidize its payphone services nor discriminate in favor of its payphone services. Section 276(b). Section 276(b) requires that Ameritech follow the rules adopted by the Commission which "(C) prescribe a set of nonstructural safeguards for [Ameritech] payphone service to implement the provisions of paragraphs (1) and (2) of subsection (a), which safeguards shall, at a minimum, include the nonstructural safeguards equal to those adopted in the Computer Inquiry-III (CC Docket No. 90-623) proceeding. . . ." Section 276(b). Ameritech makes no effort with its Draft CEI Plan to show that it is not subsidizing its payphone operations. In addition, Ameritech's filing is an unlawfully blatant effort to discriminate in favor of its payphone operations. Ameritech's alleged "IPP Coin Line"² is a service provided to IPPs by

²The term Ameritech uses to describe its network-connected coin line varies from state to state. In Illinois, for example, Ameritech's coin line which is made universally available is termed the "COPTS Coin Line. In Ohio, the term used by Ameritech is "COCOT Coin Line." In Wisconsin, Ameritech uses the term "IPP Coin Line." These references to "customer" in its tariff offering indicates that Ameritech payphone division will not actually be subscribing to

Ameritech network services. However, any IPP that subscribes to this service is required to price intraLATA calls to end users at the rate designated by the Ameritech payphone division. In addition, the IPP is also required to select the intraLATA operator service provider and 411 (directory assistance) provider preselected by the IPP's competitor -- Ameritech payphone services. Ameritech's alleged coin line service offering is nothing but words on a tariff page, and is not even close to the comparably efficient interconnection arrangements required by the FCC's Payphone Order.

Ameritech made no effort whatsoever to modify its business practices to comply with either the Telecommunications Act of 1996 or the FCC's Payphone Order. Ameritech's Draft CEI Plan must therefore be rejected.

I. AMERITECH HAS FAILED TO PRODUCE EVIDENCE THAT IT IS IN COMPLIANCE WITH SECTION 276(a)(1) WHICH PROHIBITS CROSS SUBSIDIZATION OF PAYPHONE SERVICES.

As discussed briefly above, Ameritech is required by Section 276(a)(1) to assure the Commission that its exchange access or noncompetitive ratepayers are not subsidizing its payphone services. This requirement is consistent with the laws of several states, including Illinois (220 ILCS 13-507), Michigan (Michigan Compiled Laws, Section 484.2362), and Wisconsin (Wisconsin Compiled Statutes, Section 196.204.) Under both state and federal law, Ameritech is required to cease all subsidies of its payphone operations. Until Ameritech can

Ameritech's Customer coin line service, but will be interconnected in a manner that is no different than it is currently interconnected. At a minimum, Ameritech should be ordered to use uniform language across its region for the same service.

verify to the Commission that it is no longer subsidizing its payphone operations, the Commission must prohibit Ameritech from receiving any compensation from interexchange carriers. Payphone Order at ¶53. In its Payphone Order, the Commission held that the best way to assure that Ameritech will not subsidize its payphone operations was to deregulate CPE, and to require Ameritech to complete cost allocation manuals segregating its expenses associated with providing deregulated payphone services:

We conclude that to best effectuate the 1996 Act's mandate that access charge payphone service elements and payphone subsidies from basic exchange and exchange access revenues be discontinued, incumbent LEC payphones should be treated as deregulated and detariffed CPE. The Commission determined in Computer II that CPE should be deregulated and detariffed to ensure that the costs associated with regulated services are separated from the competitive provision of the equipment used in conjunction with those services. . . . Consistent with this prior finding, we conclude that LEC payphones must be treated as unregulated, detariffed CPE in order to ensure that no subsidies are provided from basic exchange and exchange access revenues or access charge payphone service elements as required by the Act.

Payphone Order at ¶143 [citations omitted.] The Commission's Payphone Order further states that any tariff filing required in the deregulation of Ameritech's CPE must be accompanied by cost studies and imputation studies to guarantee that Ameritech's network based services offerings are reasonably priced and not a source of revenue used for cross subsidization:

We conclude that incumbent LECs must provide coin service so competitive payphone providers can offer payphone services using either instrument-implemented "smart payphones" or "dumb" payphones that utilize central office coin services, or some combination of the two in a manner similar to the LECs. Because the incumbent LECs have used central office coin services in the past, but have not made these services available to independent payphone providers for use in their provision of payphone services, we require that incumbent LEC provision of coin transmission services on an unbundled basis be treated as a new service under the Commission's price cap rules. Because incumbent

LECs may have an incentive to charge their competitors unreasonably high prices for these services, we conclude that the new services test is necessary to ensure that central office coin services are priced reasonably. Incumbent LECs not currently subject to price cap regulation must submit cost support for their central office coin services, pursuant to Sections 61.38, 61.39, or 61.50(I) of the Commission's rules. [47 C.F.R. § § 61.38, 61.39, 61.50(I).] Incumbent LECs must file tariffs with the Commission for these services no later than January 15, 1997. . . .

We conclude that tariffs for payphone services must be filed with the Commission as part of the LECs' access services to ensure that the services are reasonably priced and do not include subsidies. This requirement is consistent with the Section 276 prescription that all subsidies be removed from payphone operations.

Payphone Order at ¶¶ 146-147 [emphasis added, citations omitted.]

The FCC's Payphone Order clearly mandates that Ameritech provide the Commission, and the IPP industry, with cost information that is sufficient to support the tariffed rates for network access services, in order to assure compliance with Section 276. Ameritech has made no attempt to satisfy Section 276's prohibition of cross subsidization, and has made no attempt to comply with the FCC's requirements set forth in the Payphone Order.

There is a tremendous opportunity for the FCC to immediately eliminate the cross subsidies that exists in Ameritech's provision of its payphone services, and the need for the FCC to eliminate the subsidies is great because Ameritech has a history of subsidizing its payphone operations at the existing end user rates and tariffed network access service offering prices. In 1988, the Illinois Public Telecommunications Association (f/k/a the Independent Coin Payphone Association) filed a complaint against Ameritech alleging that Ameritech was indeed cross subsidizing its payphone operations with revenue derived from noncompetitive (regulated) ratepayers. After an extensive hearing with thousands of pages of testimony and cross

examination, the Illinois Commerce Commission entered its order finding (by stipulation of Ameritech) that Ameritech was subsidizing its payphone operations with over \$27,000,000 per year in noncompetitive, regulated revenue. (A copy of the *Independent Coin Payphone Association, et al. v. Illinois Bell Telephone Company*, Illinois Commerce Commission Docket No. 88-0412, Order entered June 9, 1995, at pp.20, 24. A copy of the Commission's Order is attached hereto as Appendix 1.) In order to cure this subsidy, Ameritech was required to increase its local coin rate, thereby increasing the revenue received by Ameritech's payphones. Pursuant to the Commission's Order, Ameritech also decreased the usage rates associated with payphone services.

Recently, Ameritech stated that the efforts made by the Illinois Commerce Commission to eliminate unlawful subsidies were successful in Illinois, but that unlawful subsidies may be present in the states of Indian, Michigan, Ohio and Wisconsin. In response to a complaint brought by the Illinois Citizens Utility Board³ against Ameritech's payphone division, Ameritech argued that end user rates from its payphone in Illinois were the only rates that had been set to avoid any cross subsidy to its payphone operations. CUB had argued that the rates from Ameritech's payphones were too high in comparison to the rates charged by Ameritech in its other states. Ameritech argued to the Illinois Commerce Commission that subsidies may exist in these other states, artificially keeping the rates in other states too low:

38. The payphone rate comparisons provided by CUB are meaningless because, to Ameritech Illinois' knowledge, no telephone company in any other state has similar pricing obligations [as those imposed by the Commission's Order in ICC Docket No. 88-0412.] CUB

³The Citizens Utility Board ("CUB") is an organization formed to monitor public utility pricing practices.

does not allege otherwise. In fact, it is common knowledge in the industry that many states treat payphone service as a "benefitted" or "subsidized" service. **Payphone services in those states would not even pass a LRSIC [long run service incremental cost] test, much less the equivalent of the Illinois imputation and aggregate revenue tests.** Therefore, CUB's rate comparisons principally demonstrate that payphone services nationwide are underpriced, that Ameritech Illinois' are overpriced.

39. Furthermore, this practice of subsidizing payphone rates will come to an end shortly. In the Telecommunications Act of 1996, Congress explicitly prohibited the subsidization of payphone services by either local exchange or carrier access services:

Section 276(a). **NONDISCRIMINATION SAFEGUARDS.** - After the effective date

The FCC must issue rules implementing this Section of the Act in November, 1996. **Ameritech Illinois, at this point, assumes that its payphone rates will satisfy the new federal standard, since LRSIC, imputation and aggregate revenue tests required by the [Illinois] Public Utilities Act are intended to prohibit precisely the kind of subsidy practices that are now prohibited by federal law.** However, the Company expects that there will be significant increases in the payphone rates charged by many of the other Bell operation companies once these states come into compliance with Section 276(a).

(Ameritech Illinois' Motion to Dismiss, ICC Docket No. 96-0346, filed by Ameritech on August 21, 1996, pp 22-23, a copy of which is attached hereto as Appendix 2.)

Ameritech virtually concedes that its payphone operations are currently being subsidized in all states with the exception of Illinois, and hides behind the Telecommunications Act of 1996 as the reason to dismiss allegations that its payphone rates are too high. However, after using the FCC's Payphone Order and Section 276 as the basis to justify its Illinois rates and to dismiss the CUB Complaint, Ameritech does nothing to satisfy the requirements of either Section 276 or the Payphone Order. Ameritech is required by the Payphone Order and Section 276 to provide cost-

based network access services to all payphone providers, and to provide the FCC with evidence that at these cost-based rates, Ameritech's payphone division is not being subsidized with revenue from regulated customers. Under the FCC's price cap rules, vertical features offerings are treated as new services for which Ameritech must demonstrate that the price recovers the direct costs of the service. 47 C.F.R. 61.38(b)(2). Ameritech may also show that it recovers a reasonable level of overheads if it so chooses. The purpose, however, of complying with the new services test is to make sure that Ameritech is not charging too much for its access services. Without this cost support, the Commission cannot accept Ameritech's Draft CEI Plan. *See e.g. In the Matter of 800 Data Base Access Tariffs and the 800 Service Management System Tariff*, CC Docket No. 93-129 and CC Docket No. 86-10, Report and Order, Released October 28, 1996, at ¶¶194-195.

Ameritech also alleges that each state public service commission has approved the rates for Ameritech's proposed coin line services tariffs. (Ameritech Draft CEI Plan, at p. 7.) Ameritech further opines that the network services offered by Ameritech were "based on long run service incremental cost ("LRSIC") methodology" and that "[s]ince the rate for the service covers appropriate costs, the service is not subsidized by Ameritech's exchange service or exchange access operations." (Ameritech Draft CEI Plan at 7.) Ameritech's argument is *non sequitur*. Ameritech's payphone operations shall not be subsidized with revenue from exchange services or exchange access operations. Simply asserting that access services are priced above cost does not provide evidence that the payphone operations are not being subsidized. Simply asserting that access services are priced above LRSIC also does not satisfy the requirements of the Payphone Order that Ameritech provide evidence to show that the access services are not priced

anticompetitively and satisfy the new services test.

Ameritech's Draft CEI Plan contains numerous instances where there could be no cost-based justification for the charges for the same network-based services in the different states.

- In Illinois, there is no charge for Incoming and Outgoing Screening. In Wisconsin, There is a \$35.00 nonrecurring charge for screening. In Indiana, the nonrecurring charge is \$15.00.
- In Michigan, Ameritech charges \$0.10, \$0.07 and \$0.05 for call tracking service, depending on whether the payphone provider signs no contract, a one year contract, or a three year contract. There is no cost justification for the variable rate. Ameritech also requires a termination charge for early termination, although there is no cost justification provided for such termination charge.
- Ameritech offers a rate of \$0.0132 per minute usage rate for Illinois payphone providers. However, in Indiana, the usage rate for a local call is a flat \$0.05 per call.
- In Ohio, the Coin Line rate is either \$28.20 or \$30.20 per month, depending on the access area. In Wisconsin, the Coin Line rate is \$22.05 per month regardless of the access area. Ameritech fails to include the Illinois tariffed rate in its CEI Plan. In Indiana, the IPP Coin Line rate is \$23.57, \$27.37 or \$33.39 per month, depending on the access area. Ameritech does not even state what the Illinois rate is. There is no cost justification for these variable rates.
- Ameritech's Illinois network access tariff offers to sell to any subscriber, the booths and pedestals that are installed at existing customer locations. Ameritech refers to some other Illinois tariff pages for the rates for these materials. Under the Payphone Order, the value of this equipment and the revenue derived from its sale should actually be attributed to Ameritech's payphone operations, not Ameritech's network service operations. It is unclear why Ameritech has included this "services" as part of its CEI plan.
- The rates for a normal COPTs subscribed line in Ohio varies depending on the quantity subscribed per month, and depending on the network access area. The monthly charge varies from \$13.50 per month per line to \$20.70 per month per line. There is a central office termination charge of \$2.30 per line per month for each COPT line, but no such charge to the COPT "Coin Line." Again, Ameritech offers no cost justification for the variable rates.

It is clearly apparent that, with just these limited examples, Ameritech has made no effort to comply with the requirements of either Section 276 or the Payphone Order. All that Ameritech has shown the Commission is that Ameritech prices its services to its competitors in an arbitrary manner, perhaps in a way that imposes a price squeeze on its competitors. The FCC must reject Ameritech's Draft CEI Plan because, after indicating that the network access services to competitive payphone providers in its other states are priced too high (or end user rates are too low), and that Ameritech's payphone operations would not pass an imputation test in these other states (an indication that Ameritech is charging its competitors excessively high rates and imposing a price squeeze on its competitors), Ameritech neglects to provide the FCC with any cost justification for its network access services, and provides the FCC with no basis on which to conclude that Ameritech's payphone operations are not being subsidized. Ameritech's Draft CEI Plan violates Section 276 and the Payphone Order on its face.

II. AMERITECH'S DRAFT CEI PLAN VIOLATES SECTION 276(A)(2) OF THE TELECOMMUNICATIONS ACT OF 1996 BECAUSE IT PROPOSES DISCRIMINATORY ACCESS SERVICES.

A second considerable basis for rejecting Ameritech's Draft CEI Plan is that Ameritech is not even offering access services that are comparable to the access services which Ameritech provides to its own payphone division. Under Ameritech's Draft CEI Plan, Ameritech offers two forms of network access to "customers":⁴

⁴The Coalition again objects to the pejorative use of the term "customer" when referring to those telecommunications providers that will be subscribing to Ameritech's network services. There is no indication from Ameritech's filing that Ameritech's payphone operations will actually be subscribing to Ameritech's services under tariff. Ameritech argues that the basic service is available to affiliated and nonaffiliated pay telephone service providers (Draft CEI Plan at p. 4),

1. The IPP Line, COCOT Line, or COPTS Line for use with "smart" pay telephone sets; and,
 2. An IPP Coin Line for use with "dumb" payphone sets.
- A. Ameritech's Proposed IPP Coin Line With Central-Office-Implemented Functions is Anticompetitive.**

The Coalition has several objections to the pricing of the COPTS line, and the lack of technical services associated with the service offering. These are discussed below. The more fundamental defect of Ameritech's Draft CEI Plan is the manner in which Ameritech offers its IPP Coin Line.

Under Section 276(a)(2), Ameritech "Shall not prefer or discriminate in favor of its payphone service." The FCC has held that this requires Ameritech to structure its "central-office-implemented" payphone services in such a manner to "enable independent payphone providers to have the same choices as LECs in providing payphone services." (Payphone Order at ¶150; 47 CFR Section 68.2(a)(1) and Section 68.3.) The FCC Payphone Order further requires that Ameritech file its CEI Plan in order to provide evidence that it would provide nondiscriminatory access to central office functionalities. (FCC Payphone Order at ¶200.)

The Commission's CEI requirements are designed to give Ameritech's competitors equal and efficient access to those basic services that Ameritech uses to provide its own payphone services. Ameritech's IPP Coin Line, however, does not allow competing subscribers the same options available to Ameritech's payphone division. Ameritech alleges that "Ameritech's pay telephone service operations will obtain all needed underlying basic services at tariffed rates . . .

but then files a tariff referring to subscribers as "customers."

on the same terms and conditions upon which they are available to nonaffiliated providers.”

(Ameritech's Draft CEI Plan at p. 7.) This statement by Ameritech is simply not true, and the falsity of Ameritech's statement goes to the central core of why Ameritech's Draft CEI Plan must be rejected by the Commission.

Under the Draft CEI Plan proposed by Ameritech, Ameritech's payphone division has predetermined the following features of the Ameritech IPP Coin Line:

1. Ameritech's payphone division has preselected the end user rate on all coin calls made from a central-office-implemented coin lines. Any competing payphone provider subscribing to Ameritech's IPP coin line can use only the end user rates preselected by Ameritech's payphone division.
2. Ameritech's payphone division has preselected Ameritech as the intraLATA presubscribed carrier on all calls from a central-office-implemented coin line. Any competing payphone provider subscribing to Ameritech's IPP coin line can only use Ameritech as the presubscribed intraLATA 0+ and 0- operator service provider.
3. Ameritech's payphone division has preselected Ameritech as the intraLATA directory assistance carrier. Ameritech directory assistance has preselected the end user rates for all directory assistance calls made from a central-office-implemented coin line.
4. Ameritech's payphone division has preselected whether to block access to 900 and 976 enhanced service providers. Ameritech's payphone division has also preselected any other calls that may be blocked at the central office.
5. Calls made from an Ameritech payphone by dialing 611 directs end users to Ameritech's repair and coin refund service. However, Ameritech refuses to accept repair and coin refund requests from non-Ameritech payphones subscribed to Ameritech's coin line.

Ameritech's Draft CEI Plan prevents any competitor to Ameritech's payphone division from setting a local call rate other than the rate chosen by Ameritech's payphone division. Any central office service offering in which Ameritech is allowed to set the end user prices which its

competitor charges is, at a minimum, a violation of Section 276 and the Payphone Order. There can be No end user rate competition if Ameritech's payphone division is the carrier that selects the end user rates, the presubscribed operator service providers, and essentially makes all decisions for all calls made from central-office-implemented payphones. One of the fundamental objectives which the Commission set forth in Docket No. 96-128 was the deregulation of a local coin rate, and the ability of different payphone providers to charge variable rates to end users. Under Ameritech's Draft CEI Plan, no IPP could subscribe to Ameritech's IPP Coin Line Service and compete against Ameritech's payphone division based on end user pricing. There would be no end user price competition in the Great Lakes region if Ameritech's CEI Plan is allowed to become effective.

Ameritech has led the Commission to believe that the "IPP Coin Line" which Ameritech proposes in its Draft CEI Plan is the only manner in which central-office-implemented payphone services can be provided:

These coin line features are integrated in the central office hardware and software in such a way that individual features cannot now be offered separately. None of the current switch manufacturers provide for this unbundled capability today. Unbundling of these coin line features would require modification of the switch by manufacturers, as well as development of new software. Based on past experience, it would take about two years for switch manufacturers to develop new features.

(Payphone Order at p. 5.) In fact, Ameritech currently offers an alternative to its proposed IPP Coin Line service that cures all the defects associated with the coin line proposed in the Draft CEI Plan, and in addition, provides several features which are not even available on existing COPT's service. Curiously, Ameritech has omitted any discussion of its alternative coin line service from

its Draft CEI Plan.

Ameritech currently offers in Illinois (and perhaps Michigan) the ability of any payphone provider, including Ameritech's own payphone division, to subscribe to a central-office-implemented coin line service with the following features:

1. variable rating of local calls, including custom programming of discount offerings and holiday rates;
2. selection of the payphone provider's choice of intraLATA 1+, 0+ and 0-carriers, as well as the selection of the payphone provider's choice of interLATA carriers;
3. call routing of 411 calls to the payphone provider's choice of directory assistance provider;
4. true answer supervision which Ameritech describes as necessary to "increase revenue";
5. Automatic updating of area code and prefix changes.

Ameritech actually advertises this central-office-implemented service as "profitmaster," and contends in promotional material that with certain features associated with the "profitmaster" service, subscribers can "increase revenue" from features such as true answer supervision, and the reduced number of power outages associated with the fact that the service offers line powered access. Ameritech is able to provide these nondiscriminatory access options by installing a computer board at the central office; upon information and belief, the computer board and associated components are manufactured by Intellicall. The central-office-implemented coin line service which Ameritech failed to include in its Draft CEI Plan has several features which make

the service actually more efficient than the COPTs service Ameritech has been providing for 12 years to its competitors. The central-office-implemented coin line service has:

1. true answer supervision;
2. line powered;
3. central office programming of area code and prefix changes, rates, and routing of all calls (intraLATA direct dialed and operator handled);
4. fraud protection that eliminated clip-on fraud;
5. call reporting and call tracking of all calls attempted from any particular location; and
6. coin box accounting and error messages of jammed coin mechanisms.

(A copy of promotional material used by Ameritech to describe its "profitmaster" central-office-implemented coin line service is attached hereto as Appendix 3.)

Ameritech indeed offers a central-office-implemented coin line service that corrects the legal deficiencies associated with the coin line set forth and described in Ameritech's Draft CEI Plan. The FCC must reject Ameritech's proposed offering and mandate that Ameritech provide central-office-implemented coin line service in all states based on the "profitmaster" type of offering. This form of central-office-implemented functions allows IPPs the same ability to designate the local rate and presubscribed operator service provider that Ameritech payphone's division has. Of course, when Ameritech is required to provide this service, Ameritech must provide cost support to justify a rate for the service that is cost based and satisfies the Commission's new services test.

B. Ameritech's COPTs Line Creates an Opportunity for Discrimination.

There are several features of COPTs service which Ameritech now offers that are also discriminatory in relation to the service offering made available to Ameritech's payphone division. First, Ameritech offers line side answer supervision to subscribers of its COPTs service. However, this service is not available from all central offices, and there are substantial technical problems with the service. The answer supervision works only intermittently. This is an increasing problem for subscribers of COPTs services because Ameritech has ceased using signaling ("SIT") tones in some states to notify the "smart" payphones when a call has not been completed. Historically, for example, if an end user dialed a number that was disconnected, Ameritech would provide a SIT tone prior to the error message that the dialed number had been disconnected. Ameritech is no longer adding SIT tones to all of its error messages. For example, if an end users dials the wrong area code, Ameritech no longer provides a SIT tone prior to the error message advising the end user that the dialed number was incorrect.

This is a substantial problem, and an increasingly burdensome one, for payphone providers that rely on "smart" payphone sets to regulate when a call is completed. Answer supervision provided by the central office notifies the payphone to not collect an end user's coins unless the call is "answered" by the called party. Without answer supervision, "smart" payphone sets rely on SIT tones to determine whether a call is completed and whether to deposit the coins from the escrow unit into the cash box. In those circumstances where Ameritech does not provide SIT tones prior to an error message, the "smart" payphone sets assume a call is completed; end users are understandably upset when the payphone they are using will not return coins on calls that are not completed. Of course, the form of answer supervision made available to Ameritech's

payphone on the coin line service does not have the same technical limitations. Ameritech must be required to provide unbundled, functional answer supervision to all subscribers from all central offices.

Ameritech has also not indicated in its Draft CEI Plan how it will monitor the number of completed dial-around and subscriber 1-800 calls. The Payphone Order requires that Ameritech's network services provide on a nondiscriminatory basis, all central office functions made available to Ameritech's payphone operations. To the extent that Ameritech uses any call tracking technology, information or service, Ameritech must be required to make these same functions available to IPPs.

Finally, Ameritech's Draft CEI Plan indicates that any payphone provider that is subscribed to its coin line service will be assigned the "27" ANI digit identifier for call screening purposes. The Coalition has no objection to this proposal as long as Ameritech payphones are provided with the same ANI digit identifier as all other payphones which subscribe to the same service. In other words, if an IPP payphone subscribed to a COPTs line is assigned the "07" ANI digit identifier, Ameritech's payphones which are also subscribed to a COPTs line must also be assigned the same ANI digit identifier.

CONCLUSION

The implications of Ameritech's Draft CEI Plan are distinct and problematic. Ameritech has failed to provide the Commission with a CEI Plan that satisfies the two fundamental goals of Section 276(a), namely that Ameritech not subsidize its payphone operations and that Ameritech provide nondiscriminatory network access services. Ameritech made no effort to provide the Commission with a viable CEI Plan that complied with the law, and apparently has only attached

copies of outdated tariff pages for services which were created prior to the adoption of the Telecommunications Act of 1996.

In a region as significant as the Great Lakes region, it is critical for the Commission to guaranty that Ameritech proposes a CEI Plan that allows the payphone industry to develop in a fully competitive and nondiscriminatory structure. Ameritech's Draft CEI Plan sets rates with no cost justification, provides network access services in which Ameritech's payphone division sets the end user rates for all subscribers, and provides no evidence that Ameritech's payphone operations are not being cross subsidized. The Great Lakes Pubic Communications Regional Coalition, the Illinois Public Telecommunications Association, the Indiana Payphone Association, the Ohio Pay Telephone Association, the Michigan Pay Telephone Association, the Wisconsin Pay Telephone Association and the Wisconsin Public Communications Association respectfully request that the Federal Communications Commission reject Ameritech's Draft CEI Plan on the basis that the Plan violates the provisions of Section 276, as well as the Commission's regulations and Orders.

Respectfully submitted,

**The Great Lakes Public Telecommunications
Regional Coalition**



One of its attorneys

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